

## Message Text

SECRET

PAGE 01 BANGKO 10858 031417Z

63-62

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 DRC-01 /108 W

----- 125709

R 030827Z JUL 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 4759

INFO CINCPAC

AMEMBASSY PHNOM PENH

AMEMBASSY VIENTIANE

AMCONSUL UDORN

S E C R E T BANGKOK 10858

E.O. 11652: GDS

TAGS: ETRN, TH

SUBJECT: CLOSE OUT OF AIR AMERICA OPERATIONS IN THAILAND

1. AIR AMERICA SPOKESMAN IN BANGKOK TOLD THE PRESS JULY 1 THAT AIR AMERICA IN THAILAND HAD "CLOSED UP SHOP," WITH THE EXCEPTION OF A SMALL ADMINISTRATIVE OFFICE TO COMPLETE FINAL DETAILS, ACCORDING TO BANGKOK POST.

2. MR. PAUL VELTE, MANAGING DIRECTOR FROM AIR AMERICA HEAD-QUARTERS IN WASHINGTON CALLED ON THE AMBASSADOR JULY 2 TO CONFIRM SUCCESSFUL TRANSITION OF UDORN MAINTENANCE FACILITY FROM AIR AMERICA TO THAI AM, EFFECTIVE MIDNIGHT JUNE 30. THAI EMPLOYEES WERE GIVEN FULL SEPARATION PAYMENTS BY CHECK JUNE 30, INCLUDING INCREASED SEVERANCE PAY IN ACCORDANCE WITH RTG JUNE 14 AMENDMENTS TO LABOR LAW IN SETTLEMENT OF RECENT TEXTILE STRIKE. THAI AM PLANS TO TAKE FOUR-DAY BREAK JULY 4-7 TO CATCH ITS BREATH, BUT VELTE EXPECTS OPERATION TO RESUME JULY 8 WITHOUT ANY OBVIOUS HITCHES.

3. AS OF TODAY, 71 AMERICAN EMPLOYEES AND THIRD COUNTRY NATIONALS (TCNS) REMAIN ON AIR AMERICA PAYROLL IN UDORN

SECRET

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PAGE 02 BANGKO 10858 031417Z

TO EASE THE TRANSITION. VELTE EXPECTS HALF OF THESE TO

LEAVE BY AUGUST 1 AND BULK OF REMAINDER IN EARLY AUGUST. LAST AIR AMERICA EMPLOYEES ATTACHED TO BANGKOK OFFICE SCHEDULED TO LEAVE NO LATER THAN SEPTEMBER 28.

4. TO DATE ONLY A FEW US EMPLOYEES HAVE ACCEPTED THAI AM TERMS, BUT NEGOTIATIONS WITH INDIVIDUALS ARE APPARENTLY CONTINUING. THIS AM IS CLEARLY RELUCTANT TO HIRE TCNS AND IS CONTINUING TO SEARCH FOR QUALIFIED THAI CITIZENS AT THE SAME TIME THAT THEY ARE MAKING TENTATIVE OFFERS TO AIR AMERICA TCNS. AS FOR THAI EMPLOYEES, VELTE OPINED THAT THAI AM BANGKOK SALARY SCHEDULES NOW INSTRODUCED AT UDORN ARE ADEQUATELY COMPARABLE TO AIR AMERICA WAGES SO THAT ADJUSTMENT WILL NOT CAUSE LABOR PROBLEMS.

5. WORKLOAD AT TIME OF TRANSITION WAS VERY LOW, APPARENTLY BECAUSE OF CONSCIOUS WITHHOLDING OF DEFERABLE MAINTENANCE AND REPAIR JOBS PRIOR TO TRANSFER OF FACILITY. VELTE URGED PROMPT ACTION BE TAKEN TO CONFIRM MAINTENANCE REQUIREMENTS UNDER FY75 CONTRACT TO PROVIDE THAI AM WITH ESSENTIAL BASIS FOR FORWARD PLANNING.

6. AMBASSADOR CONGRATULATED VELTE ON SUCCESSFUL CONCLUSION OF TURNOVER ARRANGEMENTS, RECALLING SERIOUS CONCERN TWO MONTHS AGO THAT DEADLINE COULD NOT BE MET. EMBASSY CONSIDERS VELTE DESERVES GREAT CREDIT FOR ACCOMPLISHING THIS TASK IN INTEREST OF USG WHILE AVOIDING NUMEROUS PITFALLS INHERENT IN SITUATION.  
KINTNER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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